(b) if so, the details of these steps and when they were taken in the country;

(c) the total additional amount each of the measure brought to economy in its wake; and

(d) the extent of decline estimated to be brought in economy due to recession?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) to (c) The Indian economy is not in recession. There has been a moderation in the growth of the domestic economy due to the impact of the global meltdown. The Government and the Reserve Bank of India have taken various contra cyclical measures to safeguard the economy against adverse impact of the global financial crisis. These measures since mid September, *Inter alia* include reduction in Cash Reserve Ratio and Statutory Liquidity Ratio, reduction in repo and reverse repo rates, liberalising access to external commercial borrowings, a fiscal package which includes additional plan expenditures, reduction in the ad valorem Cenvat rate and measures to support exports.

(d) The combined impact of these measures is expected to have counter cyclical Impact on the domestic growth moderation. Quantifying and apportioning the gains between each measure is not feasible. As per RBI the GDP growth forecast for 2008-09 ranges between 7.5-8.0 percent. The real GDP growth during 2007-08 as per the Central Statistical Organisation is placed at 9 per cent.

Interest rates on saving bank deposits

2408. SHRI RAJEEV CHANDRASEKHAR: Will the PRIME MINISTER be pleased to state:

(a) whether it is a fact that the interest rates of Saving Bank (SB) deposits of public sector banks at 3.5 per cent have remained unchanged for over a decade inspite of the increase in interest on Fixed Deposits (FDs) and high rate of inflation;

(b) if so, whether the banking industry would be advised by Government to suitably revise the interest rates on SB deposits; and

(c) if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) to (c) The interest rates of Savings Bank (SB) Deposits Public Sector Banks (PSBs) were revised from 4% to 3.5% effective from 1st March, 2003. While no interest is paid on current account, interest is paid on savings bank accounts mainly to encourage savings and banking habits among the public. In view of this, interest on savings bank account is generally kept lower than the domestic term deposit rates. Progressive deregulation of interest rates in those segments that have remained regulated for reasons relevant at different times has been engaging the attention of the RBI and wide consultations have been held with various stakeholders. Based on past review of monetary and interest rate conditions, including a careful consideration of the suggestions received from the Indian Banks' Association (IBA) some time back, the RBI considered it appropriate to maintain status quo while recognising that deregulation of this interest rate is essential for product innovation and price discovery in the long run.